

STAFF PAPER

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Accounting Standards Advisory Forum

Project	Rate-regulated Activities		
Paper topic	Cover note		
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Purpose of the session

1. The purpose of this session is to seek advice from the Accounting Standards Advisory Forum (ASAF) members on the staff's initial views on a disclosure objective and related disclosure requirements for defined rate regulation.

Structure of the session

2. At this session we would like to discuss with ASAF members Agenda Paper 4B—Disclosure objectives and requirements. This paper includes the staff's work in progress on the disclosure objectives and disclosure requirements. The Board has not yet discussed the staff's work. We will inform the Board at a future meeting of the advice provided by ASAF members. For convenience, we have gathered in the table below all questions to ASAF members included in Agenda Paper 4B.
3. We have prepared the following papers for those members who wish more detailed information on the following matters:
 - (a) Agenda Paper 4A—Background and summary of decisions to date. This paper provides background information about the recognition and measurement model we are developing and summarises the Board's tentative decisions to date; and

- (b) Agenda Paper 4C—Case study. This paper provides background information and calculations for the regulatory items shown in the illustrative disclosures in paragraphs 39–49 of Agenda Paper 4B.
4. There are no questions for ASAF members in Agenda Papers 4A and 4C.

Questions for ASAF members

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Questions 1 and 2 are in paragraph 23 of Agenda Paper 4B

1. Do ASAF members think the overall disclosure objective in paragraph 22 and specific disclosure objectives in paragraph 23 of Agenda Paper 4B are appropriate and would:
 - (a) result in information that is useful for the users of the financial statements?
 - (b) facilitate judgement by entities in deciding what information to disclose?
2. Have ASAF members identified:
 - (a) any modifications we should consider making to the overall disclosure objective in paragraph 22 and specific disclosure objectives in paragraph 23?
 - (b) any other specific disclosure objectives the staff should consider including?

Questions 3 and 4 are in paragraph 32 of Agenda Paper 4B

3. Do ASAF members agree that the regulatory income/(expense) line item(s) should be disaggregated into:
 - a) originations of regulatory assets and of regulatory liabilities;
 - b) recoveries of regulatory assets and fulfilments of regulatory liabilities; and
 - c) changes in estimates
4. Do ASAF members think that an entity should be allowed to apply judgement to determine the level of aggregation of regulatory assets and regulatory liabilities needed to satisfy the disclosure objectives? If not, what criterion would you propose to determine the level of aggregation required?

Questions 5 and 6 are in paragraph 49 of Agenda Paper 4B

5. Do ASAF members think the disclosure requirements are clear, complete and balanced (ie would result in useful information to users and would not result in disclosure overload)?
6. The disclosure requirements are drafted in a way that is intended to emphasise the use of judgement and to use less prescriptive language than the drafting style currently used in disclosure requirements in IFRS Standards. Do ASAF members think the drafting achieves this objective?

Next steps

4. Appendix B of Agenda Paper 4A provides a summary of the next steps in this project.